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Resume

MILK MARKET INFORMATION
CHATTANOOGA TENNESSEE MARKETING AREA

Volume 4

August 1959

Number 1

Released Pursuant to \$1000.27 (j) and \$1000.85, USDA-AMS
Federal Order No. 100, 3756 Ringgold Road, Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

NEW BASES TO BE ESTABLISHED

Producers are reminded that under the Order a new base is established each year. The daily base of each producer will be computed by the office of the Market Administrator by dividing the total pounds of milk received by all pool plants from such producer during the months of September through January by the number of days from the first day milk is received from such producer during said months to the last day of January, inclusive, but not less than 120 days. Under the Order, the base established by the producer is used in calculating the uniform prices to be paid for base and excess milk deliveries during the following months of March through July. Producers will be paid a marketwide uniform price for all their milk deliveries to handlers during the months of August through February which, basically, is a weighted average of the Order Class I and II prices dependent upon the quantities of producer milk priced in each class each month.

MARKET SUMMARY AUGUST 1959

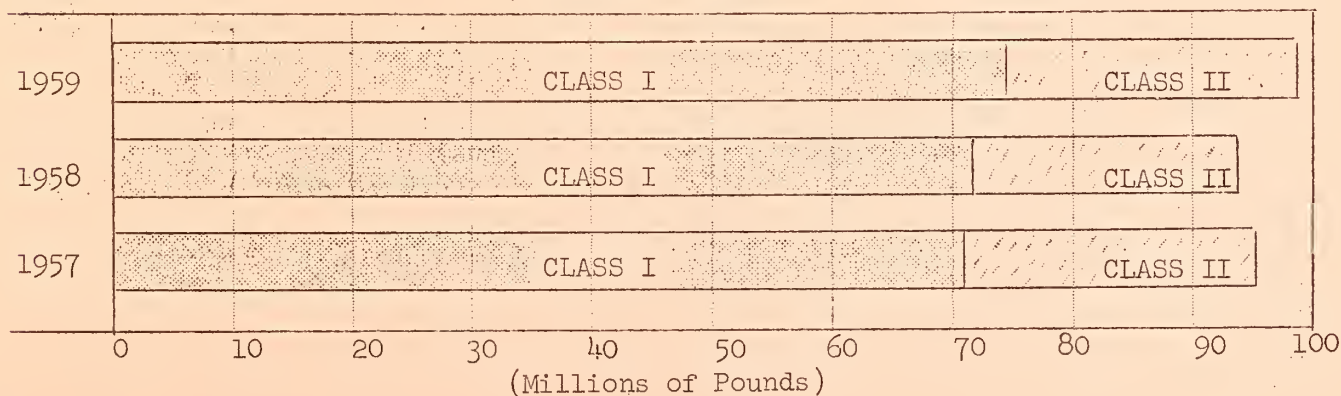
The Chattanooga Order Minimum uniform producer price is \$4.58 per cwt. f.o.b. pool plants for milk containing 4.0% butterfat. The producer butterfat differential is 7.4 cents for each one-tenth of one percent above or below 4.0 percent.

During August 75.8% of the total producer milk was priced in Class I at \$5.10 per cwt. with a butterfat differential of 7.5 cents and 24.2% was priced in Class II at \$3.04 with a butterfat differential of 6.9 cents. The percent of producer skim and butterfat priced in Class I was 76.1% and 67.5% respectively.

The daily average delivery of producer milk during August increased 5.2% compared with July and increased 7.1% compared with August 1958. The daily average use of Class I milk increased 3.0% compared with July and increased 5.5% compared with August 1958.

During August handlers received a daily average of 410,849 pounds of producer milk from 734 producers as compared with 383,592 pounds of producer milk from 781 producers during August 1958. Milk delivered from farm bulk tank producers during August was 284,758 pounds daily or 69.3% of total producer milk compared with August 1958 bulk milk which was 162,274 pounds daily or 42.3% of total producer deliveries.

PRODUCER RECEIPTS AND USE COMPARISONS
(January - August)



COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>Aug. '59</u>	<u>July '59</u>	<u>Aug. '58</u>
Number of Plants (Pool and Non-Pool)	19	19	21
GROSS RECEIPTS (DAILY)			
Producer Milk - Cans	126,091	142,503	221,318
Producer Milk - Bulk Tank	284,758	248,089	162,274
Total Producer Milk Pounds	410,849	390,592	383,592
% August '59 compared with:	100.0	105.2	107.1
Other Source Milk Pounds	9,087	7,618	8,472
Other Order Milk Pounds	27,317	29,086	22,573
<u>TOTAL RECEIPTS MILK POUNDS</u>	<u>447,253</u>	<u>427,296</u>	<u>414,637</u>
% August '59 compared with:	100.0	104.7	107.9
GROSS UTILIZATION (DAILY)			
Class I Milk Pounds:			
Fluid Milk	268,540	264,708	251,658
Buttermilk	38,017	39,295	35,610
Chocolate Milk	9,148	8,345	8,037
Fluid Skim	7,990	7,970	5,843
Fluid Creams	2,160	2,154	1,907
Bulk to Non-Handlers	12,663	7,433	18,447
Class I Shrinkage	3,308	1,992	2,548
Inventory Reclassification	(213)	(143)	(376)
Overstated Sales	-	-	(1)
Total Class I Milk	341,613	331,754	323,673
% August '59 compared with:	100.0	103.0	105.5
Class II Milk Pounds (Used to Produce)			
Butter	731	965	757
Cottage Cheese	14,282	14,420	10,942
Powdered and Condensed Milk	49,051	39,800	45,274
Ice Cream	23,622	30,776	20,495
Inventory Variation	6,166	(541)	3,420
Other	11,788	10,122	10,076
Total Class II Milk	105,640	95,542	90,964
% August '59 compared with:	100.0	110.6	116.1
<u>TOTAL UTILIZATION CL. I AND CL. II MILK LBS.</u>	<u>447,253</u>	<u>427,296</u>	<u>414,637</u>
% Producer Milk of Gross Class I	120.3	117.7	118.5
% Producer Skim of Gross Class I Skim	119.7	117.1	117.9
% Producer Butterfat of Gross Class I Butterfat	134.8	134.7	134.8
% Producer Milk Priced in Class I	75.8	77.3	77.7

SEPTEMBER 1959 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Sept. '59</u>	<u>Aug. '59</u>	<u>Sept. '58</u>
Basic Formula (See page 4)	\$3.45	\$3.35	\$3.35
Plus (§ 1000.51(a)(1))	1.75	1.75	1.75
Supply-Demand Adjustment	(0.16)	0.00	(0.14)
Class I Price, 4.0% Butterfat	\$5.04	\$5.10	\$4.96

Per § 1000.51(a)

Supply-Demand Comparison: 1st and 2nd preceding months: July and August
Supply: Lbs. Producer Milk (July 12,108,357 and August 12,736,311) 24,844,668
Demand: Lbs. Net Class I Milk (July 9,590,428 and August 9,899,634) 19,490,062
Utilization Percentage: Producer milk divided by Class I 127
Standard Utilization Percentage: Range 115-119 119
Net Deviation Percentage: Utilization minus Standard Utilization plus 8
Supply-Demand Adjustment: 2 cents x 8 percentage points minus \$0.16

Since the supply in relation to the demand is more than the desired standard, the price is decreased 16 cents per hundredweight (2 cents x 8 percentage points).

SUMMARY OF COMPUTATION OF UNIFORM PRODUCER PRICES FOR AUGUST 1959

Based on 19 plant reports prior to audit

	Class %	Milk Pounds	Butterfat Test-%	Cwt. Price @ Test	Value
Gross Class I		10,590,009	3.628		
Less Other Source		937,536	3.686		
Producer Milk Class I	75.8	9,652,473	3.621984	\$4.816488	\$464,910.20
Gross Class II		3,274,835	5.149		
Less Other Source		190,997	0.181		
Producer Milk Class II	24.2	3,083,838	5.456934	4.045284	124,750.01
TOTAL PROD. (Cl. I + Cl. II)	100.0	12,736,311	4.066279		589,660.21
Less Fractional Adjustment					.04
Add Compensatory Payment Value		90,835		0.52	472.34
Add Overage Value					174.59
Add Inventory Reclassification Value					38.80
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					5,486.15
TOTAL VALUE AT TEST		12,736,311	4.066279		595,832.05
Less Test Over 4% @ 7.4¢ per point		12,736,311	.066279	0.049046	6,246.65
TOTAL VALUE AT 4.0%		12,736,311	4.0	4.629169	589,585.40
Less Producer-Settlement Fund Reserve		12,736,311		.049169	6,262.32
UNIFORM PRICE f.o.b. POOL PLANT		12,736,311	4.0	4.58	583,323.08

AUGUST 1959 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
 BUTTERFAT DIFFERENTIAL 7.4¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0%	\$3.84	3.6%	\$4.284	4.2%	\$4.728	4.8%	\$5.172	5.4%	\$5.616
3.05	3.877	3.65	4.321	4.25	4.765	4.85	5.209	5.45	5.653
3.1	3.914	3.7	4.358	4.3	4.802	4.9	5.246	5.5	5.69
3.15	3.951	3.75	4.395	4.35	4.839	4.95	5.283	5.55	5.727
3.2	3.988	3.8	4.432	4.4	4.876	5.0	5.32	5.6	5.764
3.25	4.025	3.85	4.469	4.45	4.913	5.05	5.357	5.65	5.801
3.3	4.062	3.9	4.506	4.5	4.95	5.1	5.394	5.7	5.838
3.35	4.099	3.95	4.543	4.55	4.987	5.15	5.431	5.75	5.875
3.4	4.136	4.0	4.58	4.6	5.024	5.2	5.468	5.8	5.912
3.45	4.173	4.05	4.617	4.65	5.061	5.25	5.505	5.85	5.949
3.5	4.21	4.1	4.654	4.7	5.098	5.3	5.542	5.9	5.986
3.55	4.247	4.15	4.691	4.75	5.135	5.35	5.579	5.95	6.023

ACTIVITIES OF CHECK TESTERS-AUGUST 1959; Plant Scales checked 4, Plant calls 80,
 Samples tested - Composite 1,207, Fresh 5,076, Finished Products 229.

NUMBER OF FARM PAYROLL ACCOUNTS

	1958					1959							
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Can	516	490	474	449	433	427	413	400	390	362	343	311	
Tank	265	289	303	319	331	334	342	349	353	380	395	418	
TOTAL	781	779	777	768	764	761	755	749	743	742	738	729	734
New	18	23	6	2	3	4	0	2	2	1	0	0	
Quit	19	25	8	11	7	7	6	8	8	2	4	9	

During August 1959, there were 734 producers with a daily average of 560 pounds per farm compared with August 1958 of 781 producers with a daily average of 491 pounds per farm. This is a decrease of 47 producers and a daily average increase of 69 pounds per farm.

There were 5,076 butterfat check tests made during August 1959, or an average of 6.9 random daily tests per producer.

SUMMARY OF CHATTANOOGA MILK PRICES (4 PERCENT MILK)

Month	PRODUCER UNIFORM PRICES				HANDLER CLASS PRICES			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Aug. '58	\$4.59 1/	-	-	7.2¢	\$5.06 1/	7.5¢	\$3.10	6.7¢
Sept.	4.77 1/	-	-	7.4	4.96 1/	7.6	3.45	6.9
Oct.	4.86 1/	-	-	7.6	5.14 1/	7.8	3.36	6.7
Nov.	4.88 1/	-	-	7.4	5.23 1/	7.6	3.35	6.7
Dec.	4.80 1/	-	-	7.2	5.17 1/	7.5	3.46	6.9
Jan. '59	4.88 1/	-	-	7.4	5.21 1/	7.8	3.33	6.6
Feb.	4.79 1/	-	-	7.2	5.18 1/	7.5	3.21	6.6
Mar.	4.67 2/	\$4.82 1/	\$3.11	7.2	5.21 1/	7.5	3.15	6.6
Apr.	4.49 2/	4.74 1/	3.04	7.2	5.12 1/	7.5	3.08	6.7
May	4.36 2/	4.59 1/	2.99	7.2	4.97 1/	7.5	3.03	6.7
June	4.46 2/	4.67 1/	2.99	7.2	5.05 1/	7.5	3.03	6.7
July	4.61 2/	4.83 1/	2.99	7.2	5.10 1/	7.5	3.03	6.7
Aug.	4.58 1/	-	-	7.4	5.10 1/	7.5	3.04	6.9
Sept.	-	-	-	-	5.04 1/	7.8	-	-

SUMMARY OF PRICES USED IN DETERMINING CLASS PRICES

Month	AVERAGE QUOTATIONS				ALTERNATIVE FORMULAS (\$-cwt-4%)				Highest oi Basic Formula \$-cwt-4%
	Mid-West Cond.	Chi. 92° Butter	Chi. Area Powders	Wisc. Cheese	Mid-West Cond.	Butter	Butter 4 Powder	Tenn. Milk Mfg	
	\$-cwt-3.5%	¢ Lb.	¢ Lb.	¢ Lb.	Cond.	Cheese	Powder	Milk Mfg	
Aug. '58	2.960	58.137	12.640	31.770	3.32	3.16	3.35	3.10	3.35
Sept.	2.995	60.250	12.635	32.062	3.37	3.26	3.45	3.11	3.45
Oct.	3.040	58.364	12.685	32.700	3.42	3.18	3.36	3.14	3.42
Nov.	3.054	58.016	12.780	32.094	3.42	3.16	3.35	3.18	3.42
Dec.	3.071	60.330	12.705	31.688	3.43	3.25	3.46	3.21	3.46
Jan. '59	3.062	57.744	12.680	31.750	3.43	3.14	3.33	3.21	3.43
Feb.	3.060	57.743	12.695	31.750	3.42	3.14	3.33	3.21	3.42
Mar.	3.014	57.750	12.720	31.750	3.37	3.14	3.33	3.15	3.37
Apr.	2.952	57.840	12.615	31.596	3.31	3.14	3.34	3.08	3.34
May	2.918	57.905	12.800	31.100	3.28	3.14	3.34	3.03	3.34
June	2.908	57.974	12.600	31.000	3.27	3.14	3.35	3.03	3.35
July	2.933	58.026	12.645	31.100	3.29	3.14	3.35	3.03	3.35
Aug.	2.965	60.190	12.820	31.531	3.34	3.24	3.45	3.04	3.45

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE)

Month	GROSS MILK POUNDS 3/				Gross of Hdlr. Prod.	Deliveries Per Farm -- Pounds			Prod. Milk Test %
	Gross Cl. I	Prod. Cl. I	Prod. Rcpts.	Base Rcpts.		Prod.	Base	Exc.	
Aug. '58	323,673	297,905	383,592	-	414,637	21	781	491 - -	4.11
Sept.	374,368	347,589	392,411	-	426,999	21	779	504 - -	4.17
Oct.	370,590	345,910	395,523	-	426,160	20	777	509 - -	4.36
Nov.	355,410	328,935	392,877	-	425,836	20	768	512 - -	4.43
Dec.	337,125	310,803	389,617	-	424,678	20	764	510 - -	4.51
Jan. '59	362,232	334,538	388,175	-	423,612	20	761	510 - -	4.46
Feb.	341,167	310,878	378,577	-	416,038	20	755	501 - -	4.32
Mar.	332,496	301,741	399,902	365,270	434,768	20	749	534 488 46	4.27
Apr.	340,973	309,923	443,709	376,673	479,892	19	743	597 507 90	4.14
May	328,965	299,376	433,529	370,983	469,066	19	742	584 500 84	4.13
June	319,460	289,800	403,891	353,984	439,618	19	738	547 480 67	4.11
July	331,754	301,821	390,592	343,625	427,296	19	729	536 471 65	4.10
Aug.	341,613	311,370	410,849	-	447,253	19	734	560 - -	4.07

1/ Excludes Premium

2/ For statistics only

3/ Other Source is Gross minus Producer; Class II is receipts minus Class I; Excess Receipts is Producer minus Base